Message Text

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USMTN

LIMDIS

PASS STR FOR AMBASSADORS STRAUSS AND WOLFF PASS USDA FOR ASST SECRETARY HATHAWAY STATE FOR EB ASST SECRETARY KATZ

E.O.11652: GDS TAGS: ETRD, MTN

SUBJECT: AGRICULTURAL DISCUSSIONS WITH GUNDELACH

- 1. ON FRIDAY, VP GUNDELACH TELEPHONED AMBASSADOR MCDONALD FROM HIS VACATION HOME NEAR GENEVA TO HAVE A GENERAL EXCHANGE OF VIEWS. THE FOLLOWING COVERS THE MAIN POINTS DISCUSSED.
- 2. AS GUNDELACH MENTIONED IN WASHINGTON, HE HAS NOW CALLED IN THE ARGENTINES, AUSTRALIANS AND THE CANADIANS FOR DISCUSSIONS COVERING THE SAME POINTS HE TOUCHED ON IN WASHINGTON.
- A) HE SAID THE ARGENTINES WERE CERTAINLY WILLING TO GO ALONG BECAUSE OF THEIR KEEN, LONG-TERM INTEREST IN THE EC BEEF MARKET. HE SAW NO REAL PROBLEM OVER TIME WITH CONFIDENTIAL

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THEM RESISTING ANY LOGICAL AND REASONABLE STABILITY EFFORTS.

B) THE AUSTRALIANS NOTED CAREFULLY HIS POSITION WITHOUT GIVING A SPECIFIC REPLY, ALTHOUGH GUNDELACH INDICATED THEY WELL UNDERSTOOD HIS POSITION AND HE FELT THERE WOULD BE CONSIDERABLE SYMPATHY FOR IT OVER TIME.

- C) THE CANADIANS WERE THE MOST DIFFICULT AND IMMEDIATELY BROUGHT UP THEIR FISH PROBLEMS ON WHICH HE IS HAVING SOME SEPARATE DISCUSSIONS. HE THINKS THEY MAY RELUCTANTLY COME ALONG WITH PROBING.
- D) WITH ALL THREE, HE SAID THEY MUCH APPRECIATED THE BACKGROUND BRIEFING ON HIS DISCUSSIONS IN WASHINGTON AND THE TIMELINESS FOR CALLING THEM IN, AND WERE GRATEFUL FOR HIS OVERALL DESCRIPTION OF HIS VIEWS FOR TRYING TO BRING SOME INTERNATIONAL DISCIPLINE INTO AGRICULTURAL TRADE.
- 3. IN ADDITION TO MOVING ON THE INTERNATIONAL FRONT FOLLOWING HIS WASHINGTON VISIT, GUNDELACH HAS ALSO HAD A LONG AND DIFFICULT SESSION WITH THE HEADS OF THE FARMERS UNIONS IN THE MEMBER STATES. HE DESCRIBED THEIR INITIAL MOOD AS ANGER. OVERALL SIMILAR TO THOSE REFLECTED IN THE FARMERS' STRIKE IN THE U.S. AFTER CONSIDERABLE DISCUSSION, HE SAID IT NOW APPEARS THAT THEY SEE THE LONG TERM LOGIC IN HIS COMMENTS, AND HE THINKS HE SENSES A BIT OF PROGRESS TOWARD THEIR COMING AROUND TO SOME RATIONAL POSITIONS. HE WILL BE MEETING WITH THEM AGAIN FOR ANOTHER LONG DISCUSSION TO TRY TO GAIN THEIR SUPPORT ON APRIL 14.
- 4. ALTHOUGH HE SAID HE HAD NOT HAD AN OPPORTUNITY TO BE FULLY BRIEFED ON THE EVIAN MEETINGS YET, HE SENSED THERE CONFIDENTIAL.

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WAS SOME PROGRESS MADE BUT STILL A LONG WAY TO GO. IN BRIEF, HE SAID WE WERE STILL MOVING, BUT WE CERTAINLY HAD FALLEN SHORT OF WHAT HE HAD HOPED FOR IN THAT TWO DAY PERIOD. HE WAS GLAD TO HEAR THAT ANOTHER MEETING HAS BEEN SET FOR MID-APRIL WHICH HE SUGGESTED WAS CERTAINLY THE LATEST TIME THE GROUP SHOULD BE RECONVENING TO DEAL WITH DETAILED ALTERNATIVES.

- 5. GUNDELACH SUGGESTED THAT WE MUST KEEP MOVEMENT ALTHOUGH WE HAVE NOT YET HAD A BREAKTHROUGH. HE SAID WE MUST COME TO GRIPS WITH AGRICULTURAL ISSUES AND THAT HE REGRETTED THAT THERE ARE NOT MORE SPECIFICS COMING FORWARD FOR HIM AND STRAUSS TO DEAL WITH ON APRIL 7. HE REITERATED HIS WASHINGTON POINTS THAT CREDIBILITY WILL BE THE KEY, AND THE NECESSITY OF MOVING AHEAD WITH COOPERATIVE AND COLLABORATIVE EFFORTS RATHER THAN WITH SUSPICION AND CONFRONTATION.
- 6. OBVIOUSLY, HE IS WALKING A VERY NARROW LINE AND TRYING TO BREAK INTO SOME NEW GROUND BETWEEN WHAT IS POLITICALLY AND ECCNOMICALLY FEASIBLE FOR BOTH THE EC AND THE U.S. MCDONALD

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